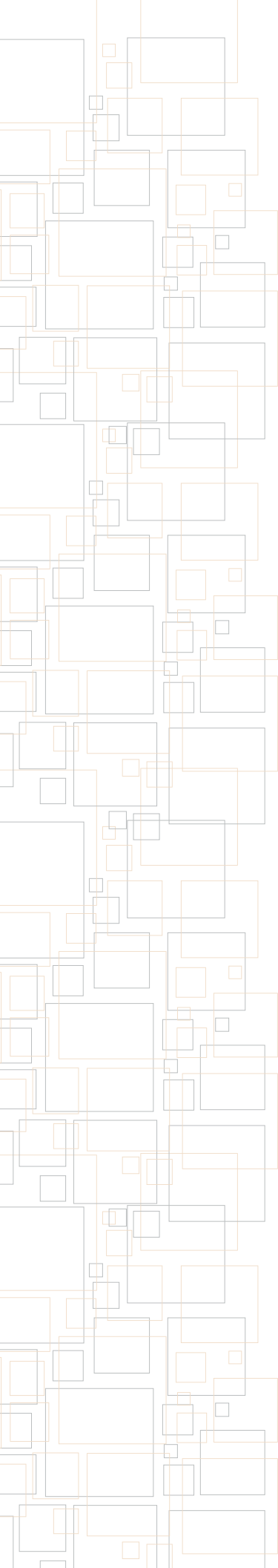


KANSAS

DISTRIBUTION





Transportation is critical for business success, and Kansas offers excellent highway, rail, and air options for your business. The state's central location and focus on building and maintaining an outstanding infrastructure means it's easier and cheaper to ship to and from Kansas. Shipping raw and finished goods is more profitable when you're located in the nation's heartland.

Following passage of the North American Free Trade Agreement, Kansas and other central states entered a new era as an international trade crossroads. Trucks leaving Kansas can quickly and efficiently reach the international ports on either coast or the NAFTA trade partners to the north and south. Kansas' strategic location at the convergence of I-35 and I-70 places it at the crossroads of America.

Key companies such as Associated Wholesale Grocers, Krogers, JCPenney, Amazon, Coleman, Home Depot, Foot Locker, Target and Wal-Mart have all realized the logistical advantage of Kansas for distribution. Our state has a distribution network to support your business also!

Comprehensive Transportation Program

T-WORKS, the comprehensive transportation program passed by the 2010 Kansas Legislature, will not only preserve and improve the state's multimodal transportation system; it will create tens of thousands of jobs.

The \$7.8 billion T-WORKS program includes \$2.5 billion in new revenues during the 10-year plan. The new revenues will come from increased registration fees for heavy trucks, additional bonding authority for KDOT and a sales tax deposit that takes effect in 2014. It is estimated that T-WORKS will create or sustain 175,000 direct and indirect jobs in Kansas over the next 10 years. The program passed by the Legislature provides \$4.2 billion in highway preservation funding, ensuring that every mile of Kansas highway will see some preservation work. It also sets aside \$1.8 billion in modernization and expansion project construction funds.

T-WORKS also provides \$6 million a year for public transit services, which increases to \$11 million a year in 2013, and \$3 million a year in aviation funding, which increases to \$5 million in 2014. The program also provides \$5 million a year for rail infrastructure projects beginning in FY 2014. The legislation requires that KDOT spend a minimum of \$8 million in each county in Kansas during the course of the program.

I-35/I-70 NAFTA Corridor

Following passage of the North American Free Trade Agreement, America's heartland entered a new era as an international trade crossroads. The 1,500 miles of I-35 and I-29 create the only central interstate highway corridor linking the three countries of North America. This corridor carries significant trade with Mexico and Canada.

It is no secret that some of the nation's leading trucking lines have major facilities in Kansas City. Its strategic location at the convergence of I-35 and I-70 places it literally at the crossroads of America. Trucks leaving Kansas can quickly and

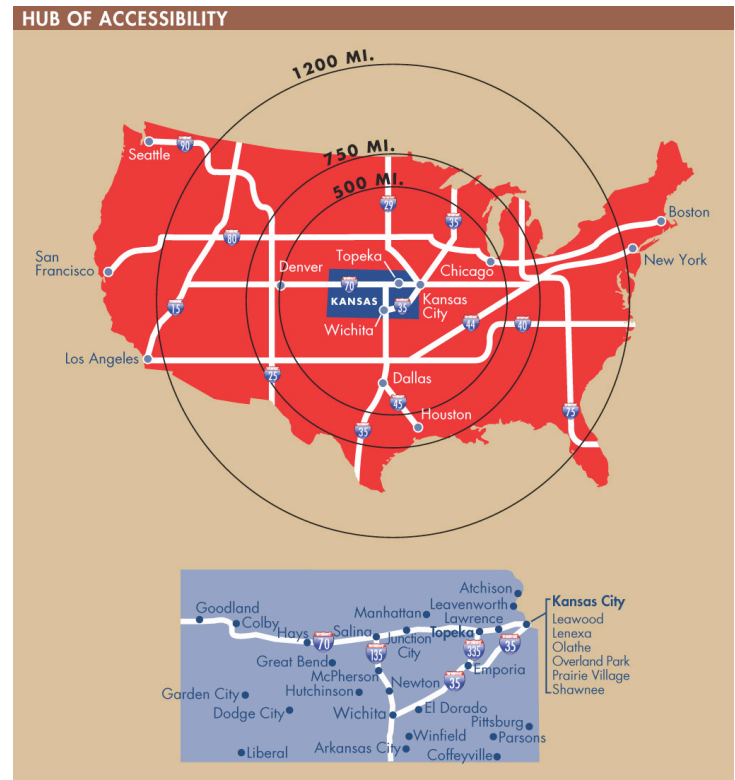
efficiently reach the international ports on either coast or the NAFTA trade partners to the north and the south. Kansas City is one of the nation's leading freight rail hubs as well, ranking first in annual rail tonnage and second in annual rail volume.

The designation of I-35 and I-29 as "high-priority corridors" in the early 1990s made these interstates eligible for additional federal funding through the National Corridor Planning and Development (NCPD) Program. Two successfully negotiated Memoranda of Understanding with the Treasury Department have helped eight states secure more than \$30 million to improve transportation technology and infrastructure on these two major interstates. In addition, efforts are currently underway to develop prototype customs facilities in Kansas City, making it a "high-tech inland port."

Highways

Kansas takes great pride in its excellent road system, which has resulted in Kansas being ranked No. 1 for having the best roads in the nation by Readers Digest in 2010. In addition, our state ranks third in total road mileage nationally with 140,512 total road and street miles and 10,579 highway miles (of which more than 875 miles are quality interstate four-lanes). We are a major trucking hub, with I-70 accessing the east and west coasts and I-35 running north and northeast to the Kansas/Missouri border. I-35 (KTA) connects with I-135 in Wichita and U.S. 81 at Salina to make a south to north corridor with Oklahoma and Nebraska. Another interstate, I-29, heads north from Kansas City and I-44, via U.S. 400, offers easy east-west, four-lane access in communities in southeast Kansas. Many other major highways, including U.S. 54, U.S. 75, U.S. 59, U.S. 281, U.S. 283 and U.S. 83 make areas across the state convenient to travel.

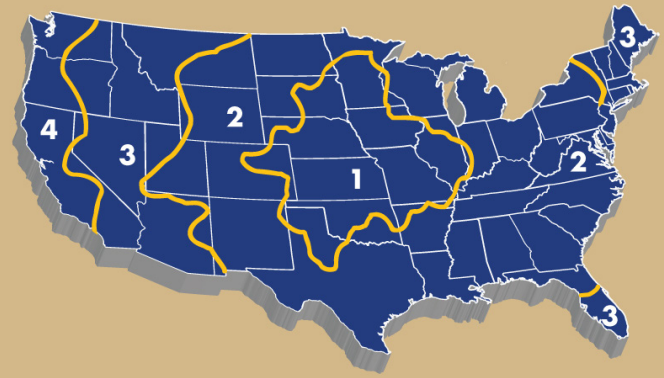
Currently, there are over 1,000 private carriers, 350 intrastate for-hire carriers and over 9,500 Kansas-based motor carriers with intrastate and/or interstate operating authority licensed to operate in Kansas. Thanks to our state's proximity to major markets, our transit times and shipping rates for common carriers can compete with any in the country. Kansas motor carrier regulations, covering truck and trailer size and weight, mirror many federal guidelines.



Rail Service

Kansas ranks in the top 10 in the United States in railroad mileage with 4,776 miles of track, 2.23 percent of all U.S. railroad miles. Our four Class I and 13 Class III (short line) rail carriers ensure freight service to virtually anywhere in Kansas, since the countless tons of grain grown here have for decades mandated a comprehensive rail system. Class I rail carriers roll over 2,790 miles of track throughout the state. The state's Class III rail carriers use an additional 1,947 miles of track. Railroads continue to move more freight, increasing utilization of lines and efficiency of their operations.

FREIGHT DELIVERY TIMES



ZONE 1 – OVERNIGHT (12 HOURS)

ZONE 3 – 2ND MORNING (24 HOURS)

ZONE 2 – NEXT DAY (16 HOURS)

ZONE 4 – 2ND DAY (30 HOURS)

Major Delivery Zone Cities

Zone 1	Zone 2	Zone 3	Zone 4
Chicago	New Orleans	Miami	Los Angeles
Memphis	Atlanta	Boston	Seattle
Kansas City	New York	Phoenix	Portland
Omaha	Salt Lake City	Billings	San Francisco
Denver	Houston	Montreal, PQ	Vancouver, BC
Des Moines	Cincinnati	Toronto, ON	
Minneapolis/St. Paul	Washington, D.C.		
Dallas/Ft. Worth	Baltimore		
Indianapolis			

Source: Survey of Buying Power, SBP-Online Report

Maximum Dimensions Allowed on Kansas Highways

Legal Width	8.5 ft
Legal Height	14.0 ft
Legal Length (single motor vehicle)	45.0 ft
Legal Length (truck-trailer combinations)	65.0 ft
Legal Length (each trailer when pulled in tandem)	28.5 ft
Legal Length (tractor-trailer combinations)	No limit

Legal Weights Allowed on Kansas Highways

Single Axle	20,000 lbs
Tandem Axle	34,000 lbs*
Kansas Highway Gross Weight Limits	
Interstate Highway	80,000 lbs
Other Highways	85,500 lbs

*Tandem axles with center less than 40 inches apart are considered one axle.

Kansas Turnpike Exceptions

Kansas Turnpike regulations are similar to those for other Kansas highways with a few exceptions:

- Trailers 59.5 feet each may be pulled in combination
- Maximum length is 125 feet without prior authorization
- Maximum gross weight is 120,000 pounds
- Maximum width is 12 feet without prior authorization

(K.S.A. 2000 Supp. 8-1904, K.S.A. 8-1908, 8-1909)

More than 900 incorporated and unincorporated cities stand along Kansas' tracks. Many communities are served by more than one railroad, and businesses in several cities can take advantage of reciprocal switching agreements between railroads. Three intermodal facilities operate in the Kansas City area. The Kansas City area, a convenient first stop en route to all major marketing regions, ranks as the second leading rail center in the nation.

Kansas is home to two switching and terminal railroads and two intermodal facilities. BNSF Railway is building a \$1 billion intermodal transportation facility and logistics

park in southwest Johnson County. The intermodal is scheduled to be operational in late 2013. It is scheduled to have the following: 535 developable acres; over 7

Kansas Rail Miles Owned and Operated				
Class I Carriers	Main Line Owned	Lines Leased to Class III	Miles Operated	Trackage Rights
Burlington Northern Santa Fe Railroad	1,237	0	1,237	449
Kansas City Southern	18	0	18	0
Norfolk Southern	0	0	0	3
Union Pacific System	1,800	265	1,535	837
Class I Total	3,055	265	2,790	1,289
Class III Carriers	Main Line Owned	Lines Leased to Class III	Miles Operated	Trackage Rights
Blackwell Northern Gateway	18	0	18	0
Blue Rapids	10	0	10	0
Boot Hill & Western	10	0	10	1
Cimarron Valley	183	0	183	4
Garden City Western	45	0	45	0
Kansas & Oklahoma	642	111	753	36
KYLE	271	134	405	13
Missouri & Northern Arkansas	0	8	8	0
Nebraska, Kansas, Colorado Railway, Inc.	122	0	122	17
South Kansas & Oklahoma	305	0	305	44
V & S Railway	25	0	25	2
Kansas City Terminal	27	0	27	0
New Century AirCenter	5	0	5	0
Wichita Terminal Association	3	0	3	0
Class III Total	1,666	254	1,929	117
Grand Total	4,721	519	4,719	1,406

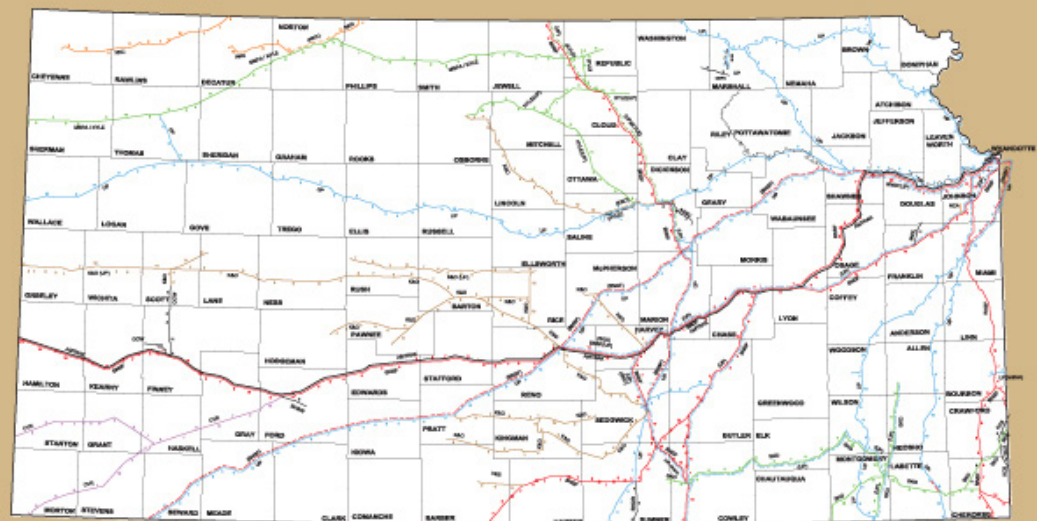
Source: Kansas Department of Transportation, Kansas State Rail Plan 2011

million total square feet developable; nearly 3 million square feet - direct rail-served; projected \$750 million private investment for development; foreign trade zone and heavy-weight corridor also available.

Air Service

Convenient access and direct routes to all national air service hubs is afforded by airports strategically located across all regions of the state. In the Kansas City area, Kansas City International Airport (KCI) is the primary passenger and cargo service provider for Kansas, Missouri, Iowa, and Nebraska. KCI is noted for its easy gate access and is described as "the world's most people-friendly airport." [Click here to view the passenger service airlines.](#) An extensive highway system permits easy transit of goods from Kansas businesses to KCI, which also provides state-of-the-art cargo handling facilities.

KANSAS RAILROAD MAP



RAILROAD
 ABSV ABILENE & SMOKY VALLEY RAILROAD
 BNSF BLACKWELL NORTHERN GATEWAY RAILROAD CO.
 BNSF BOOTHILL & WESTERN
 BNSF BNSF RAILWAY
 BRR BLUE RAPIDS RAILROAD
 CBRR CENTRAL BRANCH RAILROAD
 CVR CIMARRON VALLEY RAILROAD
 GCW GARDEN CITY WESTERN
 K&O KANSAS & OKLAHOMA RAILWAY
 K&O (LP) (LEASED FROM UP)
 NS NORFOLK SOUTHERN RAILWAY
 ITRR ITRR TRACK RIGHTS ONLY
 SK&O SOUTH KANSAS & OKLAHOMA

RAILROAD
 KCS KANSAS CITY SOUTHERN
 KCTR KANSAS CITY TERMINAL RAILWAY
 KYLE KYLE RAILROAD SYSTEM
 KYLE (OWNED)
 MSPA/KYLE LEASED FROM MSPA
 UPI/KYLE LEASED FROM UP
 MIDL MIDLAND RAILWAY
 M&NA MISSOURI & NORTHERN ARKANSAS
 NKC NEBRASKA KANSAS COLORADO
 NCA NEW CENTURY AIRCENTER RAILROAD
 UP UNION PACIFIC SYSTEM (MKT, MP, OKT, UP)
 UP (BRR) LEASED FROM BLUE RAPIDS RR
 V&S V&S RAILWAY
 WTA WICHITA TERMINAL ASSOCIATION

KANSAS DEPARTMENT OF TRANSPORTATION
 RAIL AFFAIRS UNIT
 AND
 BUREAU OF TRANSPORTATION PLANNING
 ITT2009.DGN REVISED 06/01/09
 DASHED LINES INDICATE
 TRACKAGE RIGHTS ONLY
 AMTRAK

Mileage figures are owned main line route miles unless indicated otherwise. KDOT makes no warranties, guarantees, or representations for accuracy of this information and assumes no liability for errors or omissions.

In the Wichita or South Central region of Kansas, Wichita Mid-Continent Airport (ICT) provides over 40 daily departures to major hubs throughout the United States, including Chicago, Denver, Minneapolis, Atlanta, Dallas, Houston and Los Angeles. Federal Express, UPS Supply Chain Solutions and UPS provide cargo service from Mid-Continent. Mid-Continent accommodates all aircraft and is demonstrating its commitment to innovation by constructing a state of the art terminal.

[Click here to view the passenger service airlines](#)

Mid-Continent's campus of 3,300 acres is home to more than 70 businesses including air cargo, hotels, restaurants, aircraft manufacturers, aircraft service and repairs, and government functions. Mid-Continent is conveniently located 5.2 miles southwest of the Central Business District, bordered on the north by U.S. Highway 54/400 and on the south by Highway K-42. It also provides easy access to and from Interstate 235.

Supplementing Mid-Continent Airport is Colonel James Jabara Airport, a general aviation reliever airport for the Wichita metro area. Located nine miles northeast of the Central Business district, Jabara Airport consists of 802 acres, of which, 208 acres are available for aviation development.

In the North Central region, the Manhattan Regional Airport (MHK) provides jet service daily to Chicago and Dallas/ Fort Worth. Also in the central region, the Salina Regional Airport (SLN) provides turboprop service to Kansas City. In the Central and Northwest region, flights to Denver are available daily from Great Bend and Hays via turboprop aircraft. In Southwest Kansas, Garden City Regional Airport (GCK) provides daily jet service to Dallas / Fort Worth. Commercial flights to Denver depart from the Dodge City airport (DDC) and are provided by turboprop aircraft.

There are approximately 140 public use airports in Kansas. No community in Kansas is more than 30 miles from a public use airport. Approximately 91 percent of the population is within a 45-minute drive to an airport with a runway of 5,000 feet or longer with jet fuel available and a precision (or LPV) approach.

Air cargo carriers serving Kansas include Airborne Express, Air Cargo Carriers, Baron Aviation, BAX Global, Central Air Southwest, DHL Airways, EGL, Emery Worldwide, Federal Express, Kitty Hawk, Planemasters, United Parcel Service and the United States Postal Service. Most commercial airlines also offer small package delivery services to businesses.

Many air/industrial parks now operate on the sites of former military bases, serving as attractive, low-cost locations for businesses seeking independent air services for cargo and company personnel.

Kansas' involvement in aviation is legendary. More than 55 percent of the general aviation aircraft produced in the United States originates in Kansas. Hawker Beechcraft, Cessna and Bombardier Learjet are headquartered in Wichita, including an Airbus engineering center. In addition, Spirit AeroSystems operates a major research, manufacturing and assembly complex in Kansas, and numerous adjacent support businesses complement the Wichita aircraft industry. The aviation avionics industry is located in other parts of Kansas, as well. The corporate headquarters of Garmin and the avionics division of Honeywell are located in Olathe, Kan., in the Kansas City Metropolitan area.

In-Transit Rail Shipping Times to Major Cites

Destination	Rail Shipments
Atlanta	5 Days
Boston	6 Days
Chicago	2 Days
Cleveland	5 Days
Dallas	3 Days
Denver	2 Days
Detroit	5 Days
Kansas City	1 Day
Los Angeles	5 Days
Memphis	3 Days
New York	7 Days
Omaha	2 Days
Oklahoma City	2 Days
Philadelphia	6 Days
Phoenix	3 Days
St. Louis	2 Days
Seattle	5 Days



Inland Waterways

Kansas has access to 122 miles of the Missouri River along the northeast corner of the state. Kansas has a total of eight commercial terminals located near Atchison, Leavenworth, Lansing, White Cloud and Kansas City. The Port of Kansas City – Woodswether Terminal – is located within one mile of downtown Kansas City and the interstate highway loop at River mile 367.1 on the south bank of the Missouri River. The 7-acre terminal recently underwent two significant phases of construction to address infrastructure ingress/egress and warehousing repairs.

Foodstuffs, fertilizer, scrap steel, cement and other raw materials, as well as machinery, comprise the bulk of shipments. The shipping season generally lasts between eight and nine months.

The Port of Catoosa, an inland seaport located near Tulsa, Okla., is approximately 50 miles from the Kansas border. The South Kansas and Oklahoma Railroad and the BNSF Railway provide direct rail access to the Port. It is a year-round, economical alternative to other means of travel and is especially advantageous to businesses manufacturing large goods that need to be assembled prior to shipping. The Port has been approved for a \$6.4 million grant in federal funds for a \$13 million rehabilitation of the main dock. This rehabilitation should be completed within the next 18 to 24 months.

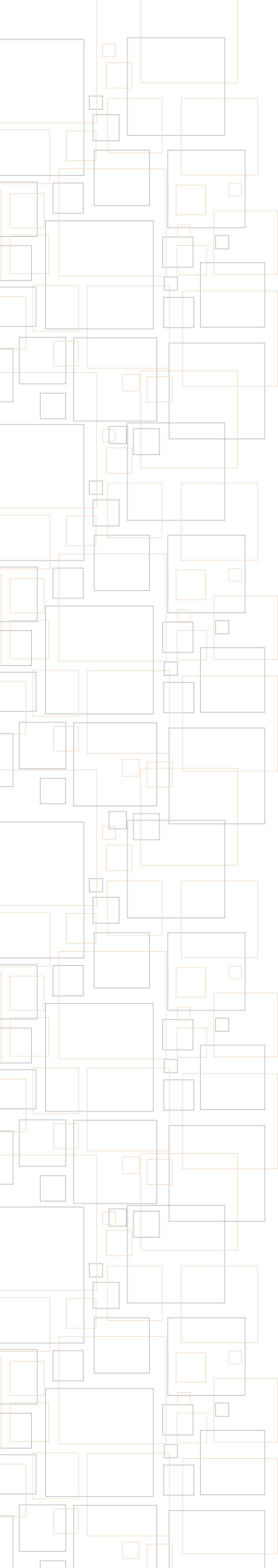
Foreign Trade Zones

Foreign trade zones (FTZs) in Kansas provide a duty-free and quota-free entry point for foreign goods into specific areas under customs supervision for an unlimited period of time. Kansas offers a variety of sites managed by grantees in Kansas City (Zone 17) and Wichita (Zone 161).

Kansas has taken advantage of the new Alternative Site Framework (ASF) foreign trade zone designation intended to provide greater flexibility and expedite access to the benefits of the Foreign Trade Zone program. As a result, a company in the designated region is not restricted to a site specific FTZ, as the entire county is eligible for FTZ benefits under the ASF designation. This streamlined approach offers a quicker turnaround time and lower cost, allowing grantees to locate zone designation where companies are located.

The Kansas City FTZ has a number of Magnet and Usage-Driven sites, including a five-acre site with 220,000 square feet of above-ground covered space; a second five-acre site with a 26,000 square-foot warehouse, a 50,000 square-foot warehouse, 21 acres in the Leavenworth Area Business Center and over 1,000 acres at two locations in Topeka: Forbes Field/Topeka Air Industrial Park and Phillip Billard Airport/Industrial Park. The new ASF procedures were adopted for a five-county area including Douglas, Johnson, Leavenworth, Miami, and Wyandotte that allow for a six-week approval process for certain types of designations with a significant reduction in the company's out of pocket expenses.

The Wichita FTZ has received approval to use the new ASF procedures for a central region that includes Butler, Harvey, McPherson, Reno, Saline, Sedgwick and Sumner counties. The new system makes it faster and less expensive for area businesses to establish their facilities as foreign trade zones, with an estimated turnaround time of 30 to 40 days. Existing Magnet sites include 120 acres and 800,000 square feet of covered warehouse and assembly space in Wichita.



Goods brought into a zone or sub-zone may be stored, manipulated or mixed with domestic or foreign materials used in manufacturing processes or exhibited for sale. Anything shipped out of a zone into the United States customs territory is then subject to duties. Goods reshipped to foreign nations are never subject to U.S. customs duties.

Skilled & Educated Labor

One of the positive factors in the expansion of the Kansas economy is the Kansas worker. A highly motivated and well-educated workforce is ready to assist your firm. Though much of the state's 2.9 million population is concentrated in its metropolitan areas, firms locating in any region of the state will find a high-quality workforce ready to put its talents to work.

Kansas' education system is one of the best in the nation and a powerful factor contributing to the success of many businesses. Our education system has resulted in an adept, well-skilled and highly trainable labor force. The high school graduation rate and percentage of the population with a bachelor's degree are both well above the national average. Kansas ranks in the top third nationally for percent of adults with a college degree and average ACT score. Kansas' higher education system includes six Board of Regent's universities, 26 community and technical colleges statewide and one municipal college.

Kansas is also a right-to-work state. This has helped the labor costs in Kansas stay below the national average. The current union membership percentage in Kansas is 6.8 percent, well below the U.S. average. In addition, we have multiple workforce training programs and initiatives for companies new to Kansas or Kansas businesses needing to expand or restructure. Our training programs can offer direct financial assistance to train your workforce, and our workforce development professionals can assist in the recruitment of labor to staff your new business.

Competitive Utility Rates

Kansas possesses a built-in advantage over other states when it comes to meeting your energy needs. With one of the largest natural gas fields in the world, Kansas is among the nation's leading producers of natural gas. Also, our statewide power costs are competitive with the national average.

Positive Business Climate

In an ongoing effort to improve the state's business climate, Kansas lawmakers continue to find ways to reduce the cost of living and doing business in this state. Living costs are relatively low in Kansas at 8.4 percent below the national average, making our state one of the most affordable in the nation. Kansas housing is affordable, too, with the median value of owner-occupied housing more than 26.1 percent below the national average. In addition, Kansas ranks 14th overall for business competitiveness based on ten key economic factors, including workforce, education and transportation.



KANSAS HAS A VARIETY OF INCENTIVE PROGRAMS FOR QUALIFIED COMPANIES INVOLVED IN DISTRIBUTION.

New! Business income tax exemption for LLCs, LLPs, Sub-Chapter S Corporations, Partnerships and Sole Proprietorships

Qualified new companies to Kansas can retain their payroll withholding tax for five to 10 years, depending on the number and wages of jobs brought to Kansas

Financial assistance to train a new workforce or retrain an existing workforce

Financial assistance for construction, remodel, furnishings and equipment

10 percent corporate income tax credit for new capital investment

100 percent personal property tax exemption on commercial machinery and equipment new to Kansas

100 percent sales tax exemption on purchases to construct, remodel, furnish and equip a facility

No inventory or franchise tax by state law

100 percent sales tax exemption on items that become part of a manufactured product or items consumed in production

Property tax abatement on real property for up to 10 years subject to community approval